

Michael F. Easley  
Governor



State of North Carolina  
Office of the Governor

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**GOV. EASLEY PROPOSES BUDGET AIMED AT CREATING JOBS, IMPROVING EDUCATION  
*PLAN STAYS WITHIN SPENDING CAP, CUTS TAXES***

**RALEIGH** – Gov. Mike Easley today released his recommended budget adjustments for the 2004-05 fiscal year. Easley's plan includes nearly \$350 million in spending cuts from state government while providing resources for job creation and education. In addition, the \$15.86 billion plan increases the state's reserves by over \$100 million and stays within the spending cap proposed by Easley last year.

"This budget maintains the fiscal discipline of the past three years while making critical investments in education and providing resources to stimulate the economy and create jobs," said Easley. "Our economic development strategy in North Carolina is simple. We are building the highest skilled workforce while at the same time providing the lowest possible cost of doing business. This strategy has earned us a number one ranked business climate for three years in a row, and this budget will help ensure that we remain the most competitive state in the country and the world."

Last year, Easley recommended a spending cap tied to the 10-year average of personal income growth and reiterated the need for it today. The plan proposed by Easley today falls under the cap by \$14 million.

"Now is the time to reinforce our fiscal discipline," said Easley. "Because we tightened our belts, cut the growth in state spending and implemented numerous efficiency measures, North Carolina has ended the budget year slightly ahead. While this is good news, it is not a license to return to the overspending days of the past. We must continue to provide government services in the most efficient manner possible."

Easley's budget provides over \$48 million in tax relief to small businesses to stimulate the economy and create jobs for North Carolina families. At the same time, it provides over \$15 million in enhanced support for crucial small-business initiatives, expanded funding for cutting-edge biotechnology start-ups, advanced worker training for new and existing businesses, and regulatory streamlining.

Easley's budget also increases investments in education by providing full funding of enrollment growth at all levels as well as funding for professional development for educators and ABC bonuses for the state's teachers. In addition, this budget expands the class size reduction initiative to grade three and provides funding to serve 12,000 at-risk four-year-olds in the state's *More at Four* pre-kindergarten program. *More at Four* is currently serving 10,000 students across the state.